Mysore State

Secrt. II-27—100,000—21-5-52.

(195) Department.

IOR BRANCH

SERIES.

O. No.

289

ed

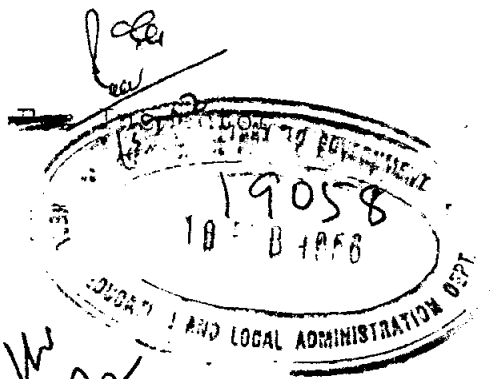
[Despatch Abstract.]

Office of the Inspector of Rl.
councils and Local Boards.
Madras,I.

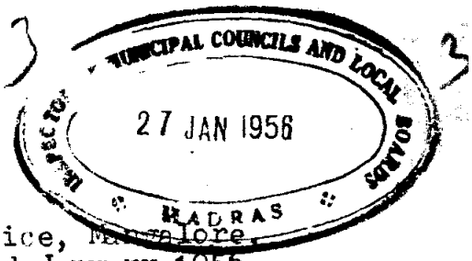
N.Dds. 4711/56 dated 15-2-56.

Forwarded to the Secretary to Government Health, Education and Local Administration Department Madras. The request of the Mangalore Municipal council to open banking account with the Canara Bank ltd. may be refused, and the Municipa council may be advised to open a current account in the District cooperative central Bank Ltd. if necessary.

To
The Secretary to Government,
Health Education and L.A. Dept.
Madras.



4311 L 15 63



B6/682/1955.

Municipal Office, Mangalore
Dated the 23rd January 1956.

From

Sri A.K.Raghavan, B.A.,B.L.,
Commissioner, Mangalore Municipality.

To

The Secretary to Government,
Local Administration Department, M a d r a s

Thro'

The Inspector of Municipal Councils & Local Boards,
Old High Court Buildings, I Line Beach, Madras - 1 &
The Chairman,Municipal Council, Mangalore.

Sir,

Sub:- Accounts - Mangalore Municipal council. Opening of account in Canara Bank Ltd., Permission -- requested.

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1) I submit herewith a copy of council resolution No. 833 dated the 11th June 1955, regarding the opening of an account ~~of~~ by the Municipal council, Mangalore, with the Canara Bank Ltd.

2. All the moneys received by the council are remitted to the account of District Treasury, South Kanara, Mangalore, and the council is having a current account in the State Bank of India, Mangalore, where the cash transactions of the Treasury are conducted. In passing the resolution cited above, the council took into consideration the fact of amounts exceeding Rs 3 to 4 lakhs lying in deposit in treasury account without earning any interest. The Canara Bank Ltd is a scheduled Bank which is in the approved list of banks as per amendments issued in G.O.No.65 Finance Department dated the 25th January 1949. The deposit with the Bank will earn interest for the council and will be advantageous to that extent.

3. The Government in their order No.1223 L.A., dept dated the 23rd June 1948 have permitted the municipal councils to open current account in the District Co-operative Central Bank subject to the limi of Rs 10,000 at any time. There is no account maintained by the council with the District Co-operative Bank. The present resolution of the council is for permission to deposit its funds with a schedule Bank. I request the Government may be pleased to issue early orders on the above.

Commissioner, M.M

Forwarded.

Chairman,M.C. 25/1

Encl:One.

h/24-1

Office of the Inspector of
Municipal Councils and Local Boards,
Madras-1.

N.Dis. 4311/56 -2-52

Returned for resubmission
through the Registrar of Co-operative
societies Madras.

For Inspector

F
28/11
BS

To
The Pl. Comm. Mangalore.
Through the C. R. C.

Extract from the proceedings of the Mangalore Municipal council, dated the 11th June 1955.

B6/682/55.

Chairman's note dated the 23rd March 55 suggesting to address Government in the matter of granting permission to the Mangalore Municipal council to open a banking account with the Canara Bank Limited for reasons stated therein.

COUNCIL RESOLUTION No.833 D/11- 6- 1955.

CHAIRMAN'S NOTE IS ACCEPTED. GOVERNMENT MAY BE ADDRESSED TO OPEN AN ACCOUNT WITH THE CANARA BANK LIMITED.

sd. K.S.N.ADIGA
CHAIRMAN,M.C

(True copy)

COMMISSIONER

H/24-1.compd

Office of the
Inspector of Municipal
and Local Boards, ...

L3 M.V

N.Dis. 9697/56. dt 29-2-56

ASST. SECRETARY TO GOVERNMENT
24694
4 MAR 1956
HEALTH, EDUCATION AND LOCAL ADMINISTRATION DEPT.

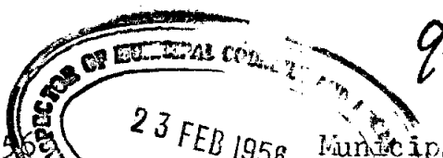
Forwarded.

For Inspector

E 2851/L M.V 29/V/56
Es

To
The Secretary to Government,
Health, Education and L.A.
Madras

9697



B1.2176/56 Municipal Office, Mangalore,
dated the 20th February 1956.

From

Sri A.K.Raghavan,B.A.,B.L.,
Commissioner, Mangalore Municipality
Mangalore.

To

The Secretary to the Government of Madras,
Local Administration Department, M a d r a s,

Thro'

The Inspector of Municipal Councils and Local Boards,
Old High Court Buildings, First Line Beach,
M a d r a s - 1 &
The Chairman, Municipal Council,
Mangalore.

Sir,

Subject:- Accounts - Mangalore Municipal council Investment of amount in a Scheduled Bank - Permission requested.

I submit herewith a copy of the resolution No.122, dated the 11th February 1956 of the Municipal Council, Mangalore resolving to request the Government to permit the council to invest the surplus amount available in the sinking fund constituted for the repayment of Mangalore Municipal council water supply loan of 1954 in a Scheduled Bank.

2 Under rule 54 Schedule IV of the Madras District Municipalities Act, the Municipal council may with the sanction of the Provincial Government invest any sums not required for immediate use either in a Government savings bank or in Government securities or in any other securities which are approved by the Provincial Government. The sinking fund has been constituted as per instructions contained in letter No.L.F 2407 dated the 9th July 1955 of the Examiner of Local Fund Accounts, Madras and out of Rs 1,18,626 being the contribution for the first year, Rupees one lakh has been invested in Government of Madras 4% loan of 1967. The question of investing the balance amount has been placed before the council for consideration and the council resolved to invest the amount in a scheduled bank for the reasons stated in Chairman's note dated the 31st January 1956 - copy enclosed.

I request that the Government may be pleased to pass early orders in the matter.

COMMISSIONER

FORWARDED. with the following note

CHAIRMAN, M.C.

Encls. One copy of C.R.No. 122 dated the 11th February 56.
" Chairman's note dated the 31st Jan.56.

compd.
h/21-2

The Municipal Council has issued debentures for financing its Water

Scheme. The debentures are of 15 years duration 1/3 repayable every five years. The Council has been asked to constitute a Sinking Fund and invest the moneys in the same for repayment of the debentures. The invested moneys are required for repayment after 4 years. If we purchase government securities now when we sell it 4 years hence for repaying the debentures, we will have to suffer a loss as there are not govt securities of such short duration. If we invest in National Savings Certificates encashing the same so early gives us no interest. So, govt can permit depositing the moneys of the Sinking Fund in a Scheduled Bank ~~or Assoc~~ or the Central Cooperative Bank, so that Council may earn interest during the period

1.2.56

Chairman MC

Extract from the proceedings of the Mangalore Municipal council, dated the 11th February 1956.

B1/2176/56. Office note dated the 24th January 1956, requesting the council to decide the nature of investment the balance amount of Rs.18,626 available in the sinking fund constituted for the repayment of Mangalore Municipal council Water supply loan of 1954 and also to authorise the Commissioner to investthe amount.

Chairman's note is accepted.

x x

sd. C.Gonsalves,
Vice-chairman, M.C

(True copy)

Municipal Office, Mangalore,
dated the 21st February 1956

Commissioner

CHAIRMAN'S NOTE.

If moneys are invested in Government securities, and they are to be sold in 5 years we will have to sell them at a loss. We can get 4 % interest if we deposit these moneys in a Scheduled Bank. We should resolve to invest the same accordingly and write to the Government for permission to do so.

(sd) K.S.N.Adiga,
31/1/56
Chairman, M.C.

/ True copy /

Commissioner

compd.

17162

Reminder No.1
B6/682/1955.

Municipal Office, Mangalore,
dated the 28th March 56.

APR 1956

From

Sri. A.K.Raghavan, B.A.,B.L.,
Commissioner, Mangalore Municipality,
Mangalore.

To

The Secretary to the Government of Madras,
Local Administration Department, M a d r a s

Thro'

The Inspector of Municipalcouncils and Local Boards,
M a d r a s and
The Chairman, Municipal Council, M a n g a l o r e.

Sir,

Sub:- Accounts - Mangalore Municipal council -- opening of account in Canara Bank Limited Mangalore - permission - requested.

Ref.This office letter B6/682/1955 dated the 20th January56.

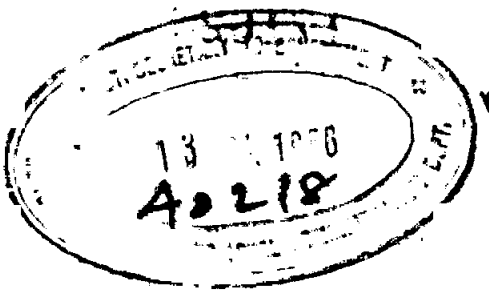
In inviting your kind attention to this office refere cited, I request that early orders may please be passed in the ma

Commissioner, M.M

Forwarded.

Chairman, M.C. 29/3

h/29-3.compd.



Office of the Inspector of
Municipal Councils and Local Boards,
Madras-1.

N.Dis. 17162/56 dt. 10-4-56

Forwarded in continuation of this office N.Dis. 4311/56 dt. 15-2-56.

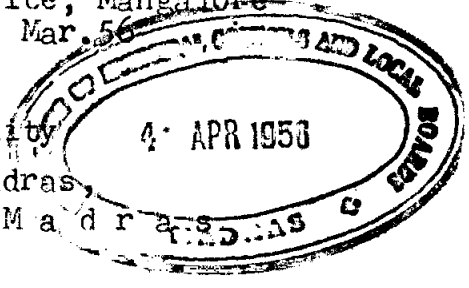
For Inspector

To
The Secretary to Government
Health, Education and L.A. Depts
Madras.

17164

B1. 2176/56

Municipal Office, Mangalore
D/28th Mar. 56



From

Sri A.K.Raghavan,B.A.,B.L.,
Commissioner, Mangalore Municipality

To

The Secretary to the Government of Madras,
Local Administration Department, M a d r a s.

Thro' The Inspector of
MunicipalCouncils & Local Boards,
Old High Court Buildings, M a d r a s - 1 &
The Chairman, Municipal Council,Mangalore.

Sir,

Sub:- Accounts - Mangalore Municipal council - investment of amount in a scheduled bank - permission - requested.

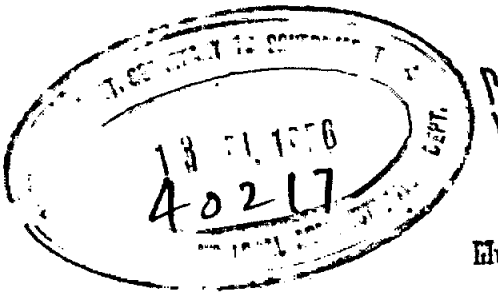
Ref. This office letter B1/2176 - 56 dated the 20th February 56.

I invite your kind attention to this office reference cited and solicit early orders in the matter.

Commissioner

Forwarded

Chairman, M.C
h/29-3.compd.



P 1-4

Office of the Inspector of
Municipal Councils and Local Boards,
Madras-1.

N.Dis. 17164/56. d 16-4-56

Forwarded in continuation
of this office N.Dis. 9697/56 d 29-2-56.

For Inspector

5/4 6/7421
BS

To
The Secretary to Government
Health, Education and L.A. Dept
Madras

HGLA
C3

17

[Cm 1905 8/56]

in

19/9.4

Funds of Mangalore Mcl. d. - Investment.
~~Lodging and investment~~ in a private bank - Request - not complied with

—

From the Commr. Mangalore
mcly. B6-682/1955 dated 23/5
pp 3-5 of
From the D.C.B. Nos 4311/56
p 1 of
dated 15.2.56
From the Commr. Mangalore
pp 9-11 of
mcly. B1 2176/56 dated 20/5
From the D.C.B. Nos 9691/56
p 5 of
dated 29.2.56.

—

by 19.4

Order/RT 289 CA dated 19.4.56
The request of the Mangalore mcl. d. that it may be permitted to deposit its funds in the Canara Bank Ltd., and to invest in a scheduled bank, ~~the balance of~~ a sum of Rs. 15,626 from the sinking fund
on 3 on p 3 of
constituted for the repayment of the loan floated by ~~the mcl. d~~ it for its water supply ~~and drainage~~ scheme will not be complied with
para 2 on p 9 of
2 The mcl. d may, if necessary, invest the balance of the sinking fund

~~A~~ 18

in the District Cooperative Central
Bank Ltd. for short period

17.4.58

17.4.58

17.4.58

Date 20/4

To

The Commr Mangalore with the
The D.L.B.
The R.C.S

(19.58)

Funds - Mangalore Ml.Cl. - Lodging and investment in a private bank.

P.3 Cl: From the Commr., Mangalore Municipality, B6/682/1955, dated 23rd Jan. 1956.

P.1 Cl: From the I.L.B., N.Dis. 4311/56, dated 15-2-56.

P.5 Cl: From the Commr., Mangalore Municipality, Bl. 2176/56, dated 20th Feb. 1956.

P.2 & 5, Cl: Please see the letters from the Commr., Mangalore Municipality.

[Under the existing orders, Dt. Bds. and Ml.Cls. should conduct all their ordinary transactions with the Govt. try. or sub-treasury at or near their headquarters. Certain Ml.Cls. have been permitted, as a special case, to lodge a certain amount of their general funds in a local co-operative bank so as to facilitate the encashing of cheques. With a view to encouraging co-operative banks, all Dt. Bds. and Ml.Cls. have been permitted to open a current account with the concerned Dt. Co-op. Central Bank upto a maximum of Rs. 10,000 at any one time.

A district board or a ml.cl. may invest the whole or any portion of the undermentioned ear-marked funds; [illegible],

(a) Provident Fund;
(b) Railway Cess Fund;
(c) Water and Drainage Fund;
(d) Endowment Fund;
(e) Depreciation Reserve Fund;
(f) Sinking Fund; and
(g) Reserve fund for special maintenance;

Investments shall be in the form of securities or deposits specified below:

(1) Madras Govt. securities and securities guaranteed by the Madras Govt.

(2) [illegible].

(2) Securities issued by the Govt. of India including savings certificates;

(3) Fixed deposits for periods upto three years in the Madras Provincial Co-operative Bank and Central Co-operative Banks approved by the R.C.S. for the purpose.]

The Mangalore Ml.Cl. requests --

(1) that it may be permitted to open a current account with the Canara Bank Ltd., presumably without any monetary limit, to enable the Cl. to earn some interest for the amount of about Rs. 3 to 4 lakhs in its General Account now lodged in the District Treasury,, as per existing orders; and.

(2) that it may be permitted to invest a sum of Rs. 18,626 from the sinking fund constituted for the repayment of the loan floated by the Cl. for its water-supply and drainage scheme, as the amount is required within four years and it cannot therefore be invested with advantage in Govt. Securities including savings certificates.

The request of the Ml.Cl. amounts to ~~to~~ lodge and invest its funds in a private bank. The question whether Ml.Cls. and Local Boards should be permitted to lodge (i.e. open current account) or invest (i.e. in fixed deposits) their funds in private banks was considered more than once in the past and it was decided that local bodies should not be permitted to invest or lodge their funds in private banks for the following reasons:

(i) Safety of the investment should be the first consideration;

(ii) Co-operative banks should be preferred to private banks as the former are State-controlled banks; and

(iii) If lodging of funds is permitted in one private bank other private banks and also other local bodies would naturally ask for a similar concession and it would become difficult for the Govt. to discriminate between one private bank or local body and another.

(PTO)

No local body has so far been permitted to lodge or invest its funds in any private bank. The request of the Mangalore Ml.Cl. need not therefore be complied with.

It is stated that it is not possible to invest the sinking fund in short term deposits. Under the orders in G.O.No. 3811-L.A., dated 21-11-42, sinking funds may be deposited in fixed deposits for periods upto three years in the Madras Provincial Co-operative Bank and Central Co-operative Banks approved by the Registrar of Co-operative Societies for the purpose. This kind of investment should be made only with the previous sanction of the Inspector of Ml.Cls. and L. Bds. if the amount proposed for investment in any one of the banks together with the amount if any already invested in that bank exceeds Rs. 5,000 and every application to the I.L.B. for sanction to such investment or re-investment should be submitted thro the Registrar of Co-operative Societies.

Under the orders in G.O. No. 1223-L.A., dated 23-6-38, it is open to the Ml. Cl. to ~~open~~ have a current account with the Dt. Co-op. Central Bank. It seems not necessary to ask the Cl. to do so as stated by the I.L.B. Further the monetary limit in the Bank is only Rs.10,000 but the Cl. wants to lodge more than a lakh of rupees from its General Account in the Canara Bank.

The Commr., Mangalore Municipality, may be informed that the requests of the Cl. cannot be complied with and that the sinking fund may if necessary be invested

invested in the Co-operative Banks for short periods.

For orders:

The request of the ml at may be negatived as recommended by the D.L.B. Finance may see

31.3.56 / 1.1.1. / 31.3.56

lll 31.3.56

4.4.56

Finance (W.N.) Dept

The note of the H.E.L.A Dept. on pp 1-4 above may be perused.

This proposal at 'A' above may be agreed to.

6.4.56 / 6.4.56

HELA

H.E.L.A. (W.N.) Dept. Dy. No. 19058/56 — 1.L.3 — 4.4.56

5 APR 1956 — 34569

Finance Dept. U.O. No. 34569/WN/56-1 — 7.4.56

H.E.L.A. (L.3)

A draft order is submitted for approval

lll 17.4.56

17.4.56 / 1.1.1. / 17.4.56

18/4/56

ASSISTANT SECRETARY TO GOVERNMENT — 9-APR 1956 — 38471 — HEALTH, EDUCATION & LOCAL ADMN. DEPT.

9/4